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Via Electronic Filing

Julius Genachowski, Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Federal Communications Commission Response to United States House of Representatives Committee on Energy and Commerce Universal Service Fund Data Request of July 9

Dear Chairman Genachowski:

This letter is written on behalf of the Rural Telephone Service Company ("RTS") in order to bring to the attention of the Commission a concern regarding the "Federal Communications Commission Response to United States House of Representatives Committee on Energy and Commerce Universal Service Fund Data Request of July 9, 2012" (the "FCC Response").

The FCC Response to Congress incorrectly indicates that RTS in its capacity as a "holding company" received \$45,049,551 in USF high cost payments in 2011. As a result, the FCC Response reports to Congress that RTS was ranked tenth among the largest recipients of high cost support.

In fact, RTS and Nex-Tech, Inc., its wholly owned subsidiary, received a total of \$25,379,178 in high cost USF payments in 2011. The FCC Response, however, also associates with RTS the 2011 USF receipts of Nex-Tech Wireless, LLC ("NTW") that totaled \$ 19,670,373.

RTS is not a "holding company" of NTW in either the sense of the common use of the term or the context in which Congress asked for USF information by "holding company." RTS does not direct the operations of NTW, and RTS has not received either directly or indirectly any of the USF receipts transmitted to NTW. In fact, another USF recipient owns an equivalent interest in NTW (47.5%) and exercises equal control over NTW. A third USF recipient owns the remaining 5% interest in NTW. Under any and all circumstances, NTW's receipt of \$ 19,670,373 in USF support in 2011 is not attributable to RTS.

In its request for information set forth in a letter to you on July 9, 2012, the Committee Leadership asked for "An updated list of the top ten recipients, by holding company, of high-cost support for 2009, 2010, and 2011." The Committee Leadership also requested in the July 9 letter that "As with the previous request, if a company received high-cost support for more than one

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corporate entity, please list separately the name and location of all entities receiving support, but attribute the total amount to the corporate parent." (Underscoring added).

RTS is not the "corporate parent" of NTW, and RTS did not receive either directly or indirectly the USF high-cost support transmitted to NTW. The result of associating all of NTW's USF receipts with RTS in the FCC Response not only provides Congress with incorrect information regarding RTS, but it has also led to an incorrect listing of the "top ten recipients, by holding company" in response to the Committee's very specific request.

RTS respectfully submits that the July 9 FCC Response reporting to Congress that NTW's USF receipts are fully attributable to RTS was likely based on misinformation and a resulting misunderstanding of the facts. RTS does have a wholly owned affiliate called "Nex-Tech, Inc." Although the name is similar to "Nex-Tech Wireless," NTW is a separate legal entity with far different ownership and control.

RTS understands on the basis of inquiries to the Commission Staff that the Commission, in its preparation of the FCC Response, assumed that RTS was the "holding company" of NTW, in part, on the basis of NTW's Form 477 filed with the Commission. RTS has conducted an independent review of NTW's Form 477 and determined that NTW incorrectly indicated on the Form 477 that RTS is the "single name" that identifies "all commonly-owned or commonly-controlled filers."

Because RTS does not exercise daily operational control over NTW, RTS was not previously aware that the Form 477 filing was incorrect or that it would lead the Commission to conclude that all of NTW's USF receipts were attributable to RTS. RTS has asked NTW to correct the filing and all future filings.

RTS trusts that the you and the Commission will find the information set forth in this correspondence helpful. RTS respectfully requests that the Commission correct the July 9 FCC Response to reflect the fact that RTS did not receive directly or indirectly the \$19,670,373 in USF support transmitted to NTW in 2011. As demonstrated by the facts and explained above, the USF received by NTW is not attributable to RTS. The NTW USF receipts could not be more attributable to RTS than to another entity that holds an equal interest in NTW.

Because of the incorrect attribution of NTW's USF receipts to RTS, the FCC Response identified RTS as one of the "top ten recipients, by holding company." Accordingly, RTS also respectfully requests that the Commission further correct the July 9 FCC Response to remove RTS from the "top ten" list, and to reflect an accurate listing of the "top ten recipients, by holding company" to ensure that Congress is provided with the complete and accurate information that the Committee Leadership requested.

Should you or anyone at the Commission have any questions regarding the information set forth above or any questions regarding this matter, please contact the undersigned.

Sincerely,

s/ Stephen G. Kraskin